

A Quality Approach to Managing Contracts

Excerpt from, *Service Contract Management, No Place for Amateurs*, By Susan J. Harvey, Program Manager, January-February 2002, p. 57-58.

A Necessary First Step – Getting Smart

The increasing reliance on the contractor workforce has identified weaknesses in our ability to rapidly and efficiently outsource mission-essential functions. One such weakness—the lack of business acumen within the DoD—is highlighted in a recent award-winning essay written by Industrial College of the Armed Forces student, Randall J. McFadden. His essay, “Case Study of Complex Business Management for Competitive Sourcing,” was awarded the National Contract Management Association-Industrial College of the Armed Forces (NCMA-ICAF) Award for best research paper on Competitive Sourcing in June 2001.

McFadden addresses the difficulties associated with getting service-contract competitions underway in the DoD, and identifies the leading culprit as the lack of business management knowledge and training among all involved in service outsourcing projects. His criticism does not extend to the management of products traditionally acquired from industry such as weapons systems, supplies, and major equipment, but to the service areas that are being subjected to outsourcing competitions for the first time. Such projects are affecting commanders at virtually every installation and headquarters in the military.

McFadden recognizes in his essay that, “Program management of competitively sourced activities may not have the glitter and glory of traditional weapons system project management, but it influences a larger part of the defense budget, touches more of the force, and impacts more and more of our capability.” What solution does McFadden propose? His solution is to eliminate cultural, process, execution, and training barriers and treat outsourcing as a complex business management process that combines functional expertise with business sense and is fully integrated into the command structure.

In a recent article by Steven Kelman, published in the July 30, 2001, issue of *Govexec.com* (www.govexec.com/dailyfed/0701/0700/ebird.htm) and reprinted in the Armed Forces Information Service (AFIS) *Early Bird*, Steven Kelman identifies another weakness in the outsourcing process, namely, the tendency to de-emphasize the importance of the contract management function itself. He offers a strong argument for establishing contracting management as a core competency for organizations deeply involved in contract work.

In addressing this issue, Kelman states, “A leadership job in contract administration is not a consolation prize...” It requires “strategy and goal-setting; inspiring those doing the work, including contractors, with enthusiasm and public purpose...” and a host of other attributes more usually associated with senior

leadership.” He summarizes this concept by stating that, “the responsibilities of a contract administration leader are analogous to those of a senior executive, not a first-line supervisor or middle manager.”